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'88 SHIPMENTS OFF TO A SLOW START

MORTON J. MARCUS

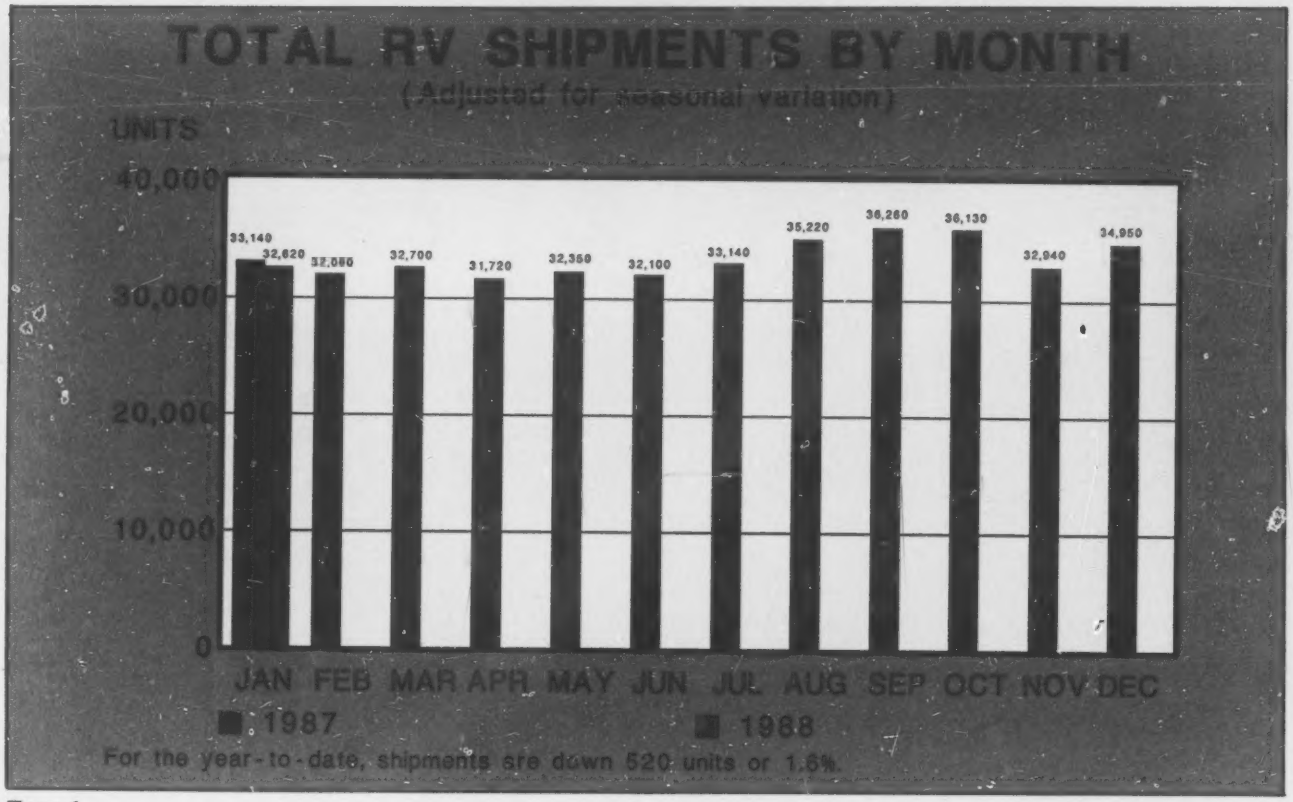

Figure 1

Is it worth writing this article each month? What if we could just take the RVIA shipment numbers for January and know the whole year ahead. Then we would have no need for monthly reports, all seasonally adjusted. As fortune-tellers, we could declare, "Give us a single number, and we will tell you all."

This is not idle speculation. Afterall, there are stock market "technical" analysts who will tell you that, as the first week of January goes, so goes the year. Or, that as the month of January goes, so goes the year. Or, that the winner of the Super Bowl is a predictor of stock market performance.

Why can't we have a similar, simple forecasting device for RV shipments?

What if the month of January were a constant share of the year? Then we could take January shipments, multiply by some factor and have the total for the year. For example, in 1987, January shipments were 5.3% of the annual total; our magic multiplication factor would then be 18.9. In 1979, however, January shipments were 10.2% of the annual total; our fantastic factor would have been 9.8.

Now, which is it to be: 9.8 or 18.9? If RVIA reports 30,000 units shipped in January, and we use the 1987 multiplication factor, then total shipments would be 294,000 units; however, with the 1979 factor, they would be 567,000. This doesn't seem to be a very reliable forecast tool.

So let's say that, in our search for a simple answer to divining the future, we look at the percent change in the January number from the same month a year earlier. Assume that this would give us a strong indication of the trend for the year.

Unfortunately, it is clear from the data that there is no close relationship between the changes of January and the changes of the year. Eight times in the last 20 years, January was down from the same month a year earlier. In five of those instances, the year as a whole was also down. But, in three cases, the year was up. Twelve times in those 20 years, January was up from a year earlier—but three times, the year was a downer. *(See Figure 3.)*

Basically, the January percent change is a false predictor of the direction of the year ahead about 40% of the time. Now, if being right 60% of the time is good enough for you, then you can write off 1988 as a down year.

Industry Shipments

When adjusted for the usual seasonal variations, there were 32,620 units shipped in January. That is a decline of 520 units, or a 1.6% drop, from January 1987. *(See Figure 1.)*

To make the picture even more bleak, the January shipments were down by more than 2,300 units (a 6.7% decline) from the closing month of 1987. The entire gain of 2,000 units in December was lost, and the industry fell below its stock market shock-response level of shipments in November 1987.

For the past three months, shipments have averaged 33,500, which is down about 7% compared with an average of 35,900 units from August to October.

The Detailed View

The detailed view of the in-

RVIA SHIPMENTS

Market Share by Type of Unit

Year-to-date, adjusted for seasonal variation

	1988	1987
TOTAL RVs	100.0%	100.0%
Travel Trailers:		
Conventional	14.4	16.2
Park Models	2.1	1.8
Fifth-wheels	8.3	6.3
Folding Camping Trailers	12.5	10.1
Truck Campers	2.2	2.7
Motorhomes:		
Class A	8.8	8.7
Class B Van Campers	0.8	1.7
Class C:		
Minis	4.4	4.7
Low Profile	0.4	0.8
Micro-minis	0.4	1.5
Multi-use Van Conversions	45.6	45.5

Detail may not add to total because of rounding.

Figure 2

Comparison of Percent Changes in RV Shipments

Year	January Shipments	Annual Shipments
1968	46.2%	36.3%
1969	9.6	20.3
1970	-17.5	-5.1
1971	38.1	18.6
1972	32.6	29.2
1973	25.4	-9.3
1974	-72.8	-44.1
1975	39.0	14.8
1976	98.2	59.3
1977	4.3	-1.3
1978	-12.7	-2.9
1979	5.7	-40.6
1980	-49.2	-41.1
1981	-6.3	31.8
1982	-0.7	7.9
1983	62.2	38.8
1984	20.8	11.2
1985	-0.3	-9.8
1986	11.4	0.8
1987	34.2	10.6

Figure 3

dustry is no more cheery. *(See Figure 4.)* Only two types of units showed improvements from December to January. Park models added 200 units, for a 41% increase, and Class B motorhomes had a minor gain of just more than 1%.

All other types of units were down, led by a decline of more than 700 units (a 19% fall) in Class A motorhomes and a 500-unit drop (a decline of nearly 10%) in conventional travel trailers.

When compared with January of a year ago, which is what a comparison of year-to-date numbers does at this point of the year, folding camping trailers showed some strength, advancing 700 units (about 21%), and fifth-wheels climbed by more than 600 units (nearly 30%). Park models and truck campers also showed some improvement vs. the same month a year ago.

But with the exception of Class A motorhomes, which equaled their January 1987 performance, all other types of RVs were off from the same month a year ago.

In brief, towables moved ahead in market share for January, going from 37.1% of the market in 1987 to 39.5%. The offsetting decline was in motorhomes' share, which slipped from 17.4% to 14.8% of the market. Van conversions remained steady at about 45.5% of the market. *(See Figure 2.)*

What Does It Mean?

It is too early to give significance to the January shipment data. The falling figures could be a continuation of the slippage, which began in November following the stock market decline of October. There is always the possibility that January's slow start will herald a sluggish year. It is more likely, however, that these data are the industry's cautious response to an uncertain outlook for 1988.

As noted above, January does not have a strong record as an indicator for the year. January may turn out to be only a temporary hesitation, as manufacturers and dealers await a clearer resolution of the market potential of 1988. Δ

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RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE:	JANUARY 1988	PERCENT CHANGE FROM DEC.'87	YEAR-TO-DATE 1988	1987	PERCENT CHANGE
TOTAL RVs	32,520	-6.7	32,520	33,140	-1.9
Travel Trailers:					
Conventional	4,700	-9.9	4,700	5,380	-12.6
Park Models	680	41.1	680	580	17.3
Fifth-wheels	2,710	-4.3	2,710	2,100	29.5
Folding Camping Trailers	4,070	-10.3	4,070	3,360	21.1
Truck Campers	730	-19.4	730	880	-17.0
Motorhomes:					
Class A	2,880	-19.4	2,880	2,880	0.0
Class B Van Campers	270	1.2	270	560	-50.9
Class C:					
-Mini	1,440	-15.4	1,440	1,560	-7.6
-Low Profile	140	-13.6	140	270	-49.4
-Micro-mini	130	-47.7	130	500	-74.7
Multi-use Van Conversions	14,860	-1.1	14,860	15,060	-1.3

Detail may not add to total because of rounding.

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS